

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

April 2, 2002

IN RE:

EMERGENCY JOINT APPLICATION OF WINSTAR
WIRELESS, INC. AND WINSTAR COMMUNICATIONS,
LLC FOR APPROVAL OF THE ASSIGNMENT OF
ASSETS AND AUTHORIZATION TO PROVIDE
TELECOMMUNICATIONS SERVICE

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DOCKET NO.
02-00079

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on March 26, 2002 for consideration of the *Emergency Joint Application* (the "*Application*") filed by Winstar Wireless, Inc. ("Old Winstar") and Winstar Communications, LLC ("New Winstar") (the "Applicants"). The *Application* was considered pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

In their *Application*, which was filed on January 18, 2002, the Applicants request that the Authority approve, pursuant to Tenn. Code Ann. § 65-4-113, the transfer of all telecommunications assets of Old Winstar, including its Tennessee Certificate of Public Convenience and Necessity, to New Winstar. Following the transfer, New Winstar will operate under the same Winstar name and will continue to provide the same services, pursuant to the same rates, terms and conditions, as are currently provided by Old Winstar to its customers.

According to the *Application*, Old Winstar is a subsidiary of Winstar Communications, Inc. New Winstar is an indirect subsidiary of IDT Corporation and was created as part of a Chapter 11 Bankruptcy Agreement to be completed on April 17, 2002. New Winstar is a Delaware limited liability company with its principal business office in Newark, New Jersey. Old Winstar is a Delaware corporation with its principal business office in Herndon, Virginia. Old Winstar currently provides local exchange and interexchange telecommunications services in selected markets in the United States, including Tennessee. Winstar Wireless of Tennessee, Inc. was granted authority to provide intrastate local exchange and interexchange telecommunications services in Tennessee by Order dated December 22, 1995, in Tennessee Public Service Commission Docket No. 95-03232. This authority was transferred to its affiliate, Old Winstar, by Order dated January 12, 1999 in Authority Docket No. 98-00727.

According to the *Application*, in order to obtain Bankruptcy Court approval, Winstar Holdings, LLC, the parent of New Winstar, has entered into an asset purchase agreement with

Winstar Communications, Inc., the parent of Old Winstar, and certain of its subsidiaries, pursuant to which Winstar Communications, Inc. will acquire substantially all of Winstar Holdings, LLC's telecommunications assets and the operations and existing customer base associated therewith. New Winstar's ultimate parent company is IDT Corporation.

Technical, Managerial and Financial Qualifications

According to the *Application*, IDT Corporation was founded in 1990 and has since established itself as a leading multinational carrier, routing billions of minutes of traffic per year. IDT Corporation delivers its telecommunications services over a network comprising over 150 switches in the United States and Europe, as well as over fourteen (14) owned or leased undersea fiber optic cables. IDT Corporation holds over \$1 billion in cash and cash equivalents. IDT Corporation's senior management team will be actively involved in operating New Winstar to ensure the continued and uninterrupted provision of services, as well as in reformulating the New Winstar business so that it may offer innovative and competitive local and long distance telecommunications services on a more financially secure basis.

Public Interest Considerations

According to the *Application*, the proposed transaction will prevent a discontinuance of services to Old Winstar customers, and will be virtually transparent to these customers. New Winstar will operate under the Winstar name, and will adopt Old Winstar's existing tariffs so customers can continue to receive the same rates and services they received from Old Winstar. In addition, the *Application* states that the revitalization of Winstar will help assure that customers receive the benefits of a competitive telecommunications market.

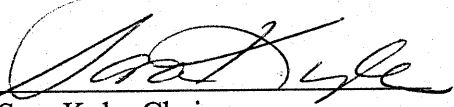
Findings

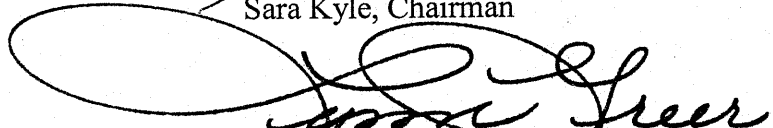
The Directors of the Authority considered this matter at the March 26, 2002 Authority Conference. Based upon careful consideration of the *Application*, the Authority finds and concludes as follows:

1. The Authority has jurisdiction over the subject matter of this *Application* pursuant to Tenn. Code Ann. § 65-4-113;
2. Winstar Wireless, Inc. has been granted authority to provide telecommunication services in Tennessee;
3. Ownership of the telecommunications assets of Winstar Wireless, Inc. will be transferred to Winstar Communications, LLC, resulting in a transfer of the authority granted Winstar Wireless, Inc. to provide utility services; and
4. Approval of the transfer of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

IT IS THEREFORE ORDERED THAT:

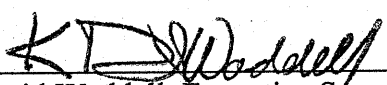
The *Emergency Joint Application* of Winstar Wireless, Inc. and Winstar Communications, LLC for approval of the transfer of authority described herein is approved.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary